Major Themes in Economics

Volume 19 Article 2

Spring 2017

Introduction

Ken McCormick
University of Northern Iowa, kenneth.mccormick@uni.edu

Introduction

Welcome to Volume 19 of Major Themes in Economics. All papers in *Major Themes* are written by senior economics majors at the University of Northern Iowa.

Even before the Industrial Revolution there were concerns that machinery would create massive unemployment. So far this has not happened. Instead, machinery has not only raised labor productivity and real wages, but has also eliminated much backbreaking and tedious work. Yet the advent of artificial intelligence has raised the issue once again. **Kaleb Luse** examines both the great potential and the great danger that lies ahead for humanity.

A huge economy like that of the United States requires enormous flows of freight. The question therefore arises as to whether changes in real GDP can predict changes in the volume of freight transportation. Or perhaps the reverse is true, especially as raw materials and intermediate goods add to the volume of freight but not to GDP. **Arijan Alagic** tests the relationship for the period from 2000 to 2015. He concludes that changes in freight transportation Granger cause changes in real GDP in the U.S.

Why are so many initial public offerings of stock underpriced? And is the popular conception true that the underpricing is more severe in the tech industry than in other industries? **Jordan Beck** uses regression analysis to find the determinants of underpricing. He finds that the tech industry is not more likely to underprice its initial offerings than other industries.

The head women's basketball coach at the University of Connecticut has won 11 national championships, an overall winning percentage of 0.877, and 32 years of head coaching experience. The head men's basketball coach at the University of Connecticut has 1 national championship, an overall winning percentage of 0.688, and 4 years of head coaching experience. Yet the women's basketball coach is paid only 70% of what the men's basketball coach is paid. **Melissa Ament** looks at why and concludes that the difference is not due to gender discrimination.

The Financial Crisis of 2008 triggered the economic catastrophe called The Great Recession. Some people in the financial industry think they have found a scapegoat in the form of Financial Accounting Standard 157, popularly known as mark-to-market. **Anthony Hurlburt** examines the charge, and concludes that the real culprits were lax underwriting standards, misguided public policy, and Wall Street's inability to understand the risk embedded in its own products.

Ken McCormick
Professor of Economics